





# Financial Highlights

	1979	1978	% Change
Sales	\$374,374,000	\$324,675,000	+15.31
Net earnings	\$7,544,000	\$4,687,000	+60.96
Per share	\$2.78	\$1.73	+60.69
Percent of sales	2.02	1.44	
Percent of shareholders' opening equity	18.80	12.89	
Dividends paid	\$1,088,000	\$1,011,000	+ 7.62
Rate per share	40¢	37¢	+ 8.11
Working capital	\$22,304,000	\$17,286,000	+29.03
Working capital ratio	2.11	1.92	
Shareholders' equity at end of year	\$45,364,000	\$40,118,000	+13.08
Per share	\$17.29	\$14.77	+17.06
Percent return on capital employed at beginning of year	23.49	16.90	

## Important Dates for Shareholders

**Company fiscal year 1980:** October 28, 1979 to October 25, 1980 (52 weeks)

### Dividend Dates

**Payable:** April 15, 1980; July 15, 1980; October 15, 1980; January 15, 1981

**Record:** (4 weeks prior to date of dividend payable, closest Friday) March 14, 1980; June 13, 1980; September 12, 1980; December 12, 1980.

### Fiscal Quarter endings

1st Quarter: February 16, 1980, containing 16 weeks

2nd Quarter: May 10, 1980, containing 12 weeks

3rd Quarter: August 2, 1980, containing 12 weeks

4th Quarter: October 25, 1980, containing 12 weeks

Quarterly Reports are usually ready six weeks from end of quarter. (4th Quarter Reports are delayed because of year-end figures)

### Annual Meeting

The Annual Meeting of common shareholders will be held at the Waterloo Motor Inn, Waterloo, Ontario, on Wednesday, April 30, 1980 at 7:30 p.m. All shareholders are cordially invited to attend.



# To The Shareholders of J.M. Schneider Inc.

Fiscal 1979 was a very good year for your company.

We began the year with a determination to match — and if possible, overtake — our record sales for the previous year when two of our major competitors had suffered from lengthy work interruptions. When the year closed at the end of October 1979, we had not only matched our previous record sales volume, but had surpassed it handsomely by an additional \$50 million of sales to bring our total 1979 sales across the nation to \$374 million.

We achieved this by a number of programs designed to lower costs and increase capacity, which are mentioned overleaf in the section under "Operations".

Of more importance to the shareholders is that these programs had a marked effect on increasing earnings per share. These higher earnings reflect a significantly better return on shareholders' equity of 18.8 percent using net after-tax earnings for fiscal 1979 on shareholders' equity at the beginning of the year.

Our return on equity has averaged 12.5 percent over the previous 10 years with a high of 14.3 percent in 1977 and a low of 11.0 percent in 1970. With inflation now approaching double digit figures, and in the absence of any inflation-compensating adjustments in our statements, sharply higher returns on equity are necessary if the shareholder's investment is to be protected and his historical return actually realized today.

For January we have increased our quarterly dividend to 10 cents per share from the previous 8 cents, as well as providing a special year-end dividend of 8 cents. A continuation of this new rate would be an increase in dividends per share of 20 percent for 1980 compared to 1979.

## Share Purchase

During the year we launched a program to buy back 100,000 of our own Class B preference shares. This program was completed on November 6, 1979 at an average price of \$12.86 per share. We have no immediate plans to purchase further shares.

This purchase was motivated by our consideration that the Class B shares were under-priced in the market based on their equity value and the replacement cost of our assets. Our 1979 financial statement indicates an equity value of about \$17 per share.

## Capital Expenditures

We spent \$4.1 million for capital projects during the year, down sharply from our \$9.4 million outlay in 1978. Current plans call for approximately \$10 million for capital expenditures for fiscal 1980. These will be mainly for improvements to the processing plant in Kitchener and for our previously planned Distribution Centre in Calgary which will both maintain and strengthen our distribution throughout the West and further our plans for a meaningful national distribution system.

## Planning for Future Growth

One of the problems which has always faced us, but which had become more acute as the years pass, has been vulnerability due to our reliance almost exclusively

on the meat portion of the food dollar. We now intend to do something about this.

We have set up a new Corporate Planning Group with its own headquarters in Waterloo and headed by Henry G. Beben, now Senior Vice-President, Corporate Development, and Dawson C. Jamieson, now Senior Vice-President and Chief Financial Officer. In addition to these two officers, the new group includes Kenneth G. Murray, recently appointed Vice-Chairman of the Board while retaining his title of President, and Frederick P. Schneider, Chairman of the Board. The group's function is to plan and guide the company into a more balanced product and market grouping and to seek out opportunities for diversification and expansion into food areas other than meat.

You will hear more about these plans at our Annual Shareholders' Meeting in Waterloo on April 30, 1980. We believe this is an exciting new development of interest to all shareholders.

Into the positions formerly held by Mr. Beben and Mr. Jamieson we have promoted Lewis Bradich to Vice-President Sales and Marketing and Douglas Dodds to Vice-President Finance and Administration. They have a total of 27 years of service with the company.

## Our Directors

We again thank our Board of Directors for their diligence and advice during the year. We are sorry to report the resignation for health reasons of Howard Main, a member of our Board since 1972. We thank him for his counsel and keen interest in our affairs and wish him well.



Replacing him is Geno F. Francolini, Vice-Chairman and Chief Executive Officer of Livingston Industries Limited in Tillsonburg, Ontario. His ability and experience are evident in an early understanding of our affairs.

*Geno F. Francolini*



*K.G. Murray, President and Vice-Chairman of the Board*



*F.P. Schneider, Chairman of the Board*

*Kenneth G. Murray* *F.P. Schneider*



# Sales and Marketing

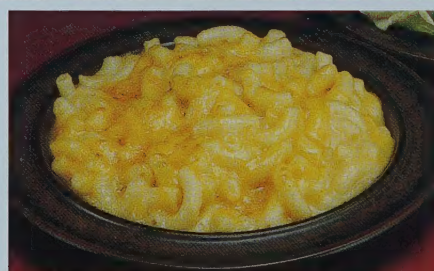
Sales gains were achieved through growth of market share, better national market penetration, successful new product launches and sales department restructuring. Particularly noteworthy during the year was our market growth in Western Canada and the growth of sales to our Foodservice customers.

New product market entries are essential for the growth of the Company. During the year the following products were introduced to satisfy retail market needs:

- “Kiss of Orange” Side Bacon made a dramatic market penetration
- “Bunfiller” Wieners (6 to the pound) was added to the Wiener family
- Consumer packs of “Olde Fashioned” Baked Meat Loaves complemented our already existing excellent luncheon meat line
- The pickle line was extended by the introduction of a Sweet and Sour Pickle
- The meat pie line was broadened by the development of a Steak and Kidney and a Turkey Pie
- A new line of “Good ‘N Meaty” Vegetable Pies in three varieties — Chicken, Turkey and Beef was introduced

To assist the growth of our Foodservice market, we introduced seven new entrée dishes, namely, Lasagna, Macaroni and Cheese, Chili Con Carne, Chicken a la King, Beef Stew, Stuffed Green Peppers and Cabbage Rolls seen on this and page 3.

The theme of our advertising embodies two basic principles, which are, 1) we are mindful of our heritage and 2) we attempt to implement improvements in technology and techniques in the manufacture of our products and the management of our business which is in keeping with our heritage.





## Our Employees

One of the strengths of the company is that we have on staff people who are constructively dissatisfied with our current performance and are constantly looking for ways to make improvements. The desire to self-analyze and to take action is important to us.

This desire for improvement is manifest in the Suggestion Plan. Employees submitted 947 suggestions for improvements during the year. These, added to 152 suggestions outstanding from 1978, plus 62 suggestions which were re-investigated, add up to a total of 1,161. The company has one person designated to monitor the Plan, make sure that every suggestion is acknowledged on receipt, see that every suggestion is investigated — usually by technical or operations people, and feed results back to the suggestor and forward to management for action.

Ninety-four suggestions gained a monetary award last year totalling \$23,895 and 88 suggestions were acknowledged with a non-monetary award. Altogether our accumulated savings for the year were \$235,488 up \$50,000 from 1978.

As our productive capacity increased, as well as our consequent ability to market a greater number of products, so did the number of our employees. We added 124 people to bring the total workforce to 3,133. This is the 11th straight yearly increase as we have steadily and continuously expanded to become a fully national Canadian company marketing from coast to coast.

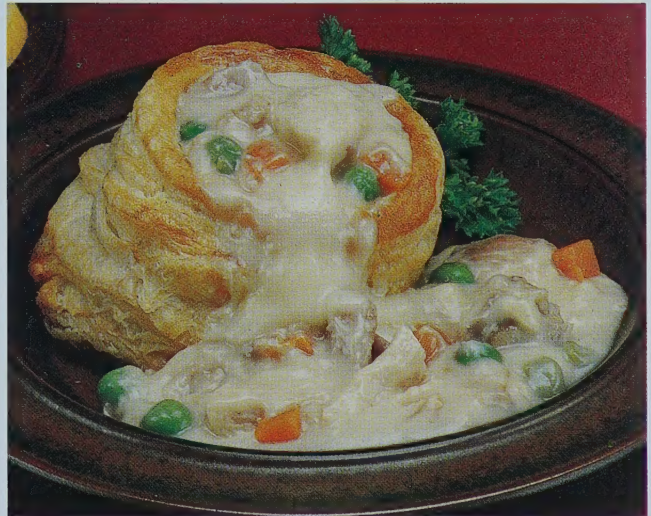
We continue to believe in the philosophy of our founder, J.M. Schneider, that the people who work for the company are its best asset and that every one is an individual with something to offer.

## Operations

The benefits derived from the capital expenditure program over the past two years culminated in 1979. There were no major capital expenditures in 1979. Our people implemented processes and systems which impacted in a very positive way on our results.

We were able to significantly increase our slaughter of hogs and poultry. The order processing and order filling systems and our three distribution centres were made more effective. The technical capability and talents of our staff were better utilized so as to generate results which were most gratifying.

Refinements to financial control systems and the computer application to many processing systems permitted us to react promptly from a knowledgeable base. This was particularly important in a year such as 1979, as we experienced widely fluctuating prices in many of our raw materials.





# J.M. Schneider Inc.

## Statement of Earnings

Year Ended October 27, 1979	1979 (in thousands)	1978
Sales	\$374,374	\$324,675
Expenses		
Raw materials	247,495	212,013
Packaging materials	13,440	13,092
Manufacturing	59,926	55,421
Marketing and distribution	27,422	23,934
Administrative and general	8,365	8,185
Interest on long term debt	1,409	1,016
Depreciation and amortization	4,153	3,248
	362,210	316,909
Earnings before income taxes	12,164	7,766
Income taxes (note 7)	4,620	3,079
<b>NET EARNINGS</b>	<b>\$ 7,544</b>	<b>\$ 4,687</b>
<b>EARNINGS PER SHARE</b>	<b>\$2.78</b>	<b>\$1.73</b>

## Statement of Retained Earnings

Year Ended October 27, 1979	1979 (in thousands)	1978
<b>BALANCE AT BEGINNING OF YEAR</b>		
As previously reported	\$31,736	\$28,014
Adjustment of lease expense (note 2)	(110)	(64)
As restated	31,626	27,950
Net earnings	7,544	4,687
	39,170	32,637
Acquisition of Class B preference shares (note 5)	900	
Dividends		
Paid on:		
Class B Preference shares	736	678
Class C Preference shares	202	195
Common shares	150	138
	1,988	1,011
<b>BALANCE AT END OF YEAR</b>	<b>\$37,182</b>	<b>\$31,626</b>

# J.M. Schneider Inc.

## Statement of Changes in Financial Position

Year Ended October 27, 1979	1979 (in thousands)	1978
<b>WORKING CAPITAL DERIVED FROM</b>		
Operations		
Net earnings	\$7,544	\$4,687
Items not involving working capital		
Depreciation and amortization	4,476	3,674
Deferred income taxes	197	779
	12,217	9,140
Increase in capital lease obligations	1,425	727
Sale of fixed assets	68	50
Issue of Class B Preference shares for cash	30	145
	13,740	10,062
<b>WORKING CAPITAL APPLIED TO</b>		
Additions to fixed assets	4,104	9,389
Additions to machinery and equipment under capital leases	1,425	727
Acquisition of Class B Preference shares	1,240	
Dividends paid	1,088	1,011
Decrease in non-current portion of long term debt	865	443
	8,722	11,570
<b>INCREASE (DECREASE) IN WORKING CAPITAL</b>	<b>5,018</b>	<b>(1,508)</b>
<b>WORKING CAPITAL AT BEGINNING OF YEAR</b>		
As previously reported	17,582	18,984
Adjustment of current obligations under capital leases (note 2)	(296)	(190)
As restated	17,286	18,794
<b>WORKING CAPITAL AT END OF YEAR</b>	<b>\$22,304</b>	<b>\$17,286</b>



# J.M. Schneider Inc.

## Balance Sheet as at October 27, 1979

ASSETS	1979 (in thousands)	1978
<b>CURRENT ASSETS</b>		
Cash and term deposits	\$6,706	
Accounts receivable	15,559	\$17,382
Inventories	19,616	17,801
Other	564	895
<b>TOTAL CURRENT ASSETS</b>	<b>42,445</b>	<b>36,078</b>
<b>FIXED ASSETS (note 2)</b>		
Land, buildings, machinery and equipment	60,403	56,821
Less accumulated depreciation	23,355	19,998
	<b>37,048</b>	<b>36,823</b>
Machinery and equipment under capital leases	3,442	2,017
Less accumulated amortization	1,237	631
	<b>2,205</b>	<b>1,386</b>
<b>TOTAL FIXED ASSETS</b>	<b>39,253</b>	<b>38,209</b>
<b>INTANGIBLE ASSETS</b>	<b>1,929</b>	<b>1,988</b>
<b>TOTAL ASSETS</b>	<b>\$83,627</b>	<b>\$76,275</b>

Approved by the Board F.P. Schneider, Director  
D.C. Jamieson, Director



# J.M. Schneider Inc.

## Balance Sheet as at October 27, 1979

LIABILITIES	1979 (in thousands)	1978
<b>CURRENT LIABILITIES</b>		
Bank advances		\$2,703
Accounts payable and accrued liabilities	\$14,975	14,639
Income taxes payable	4,450	1,030
Principal due within one year on debentures	124	124
Current obligations under capital leases	592	296
<b>TOTAL CURRENT LIABILITIES</b>	<b>20,141</b>	<b>18,792</b>
<b>LONG TERM DEBT</b>		
Debentures (note 3)	10,600	10,724
Obligations under capital leases (note 4)	1,968	1,284
<b>TOTAL LONG TERM DEBT</b>	<b>12,568</b>	<b>12,008</b>
<b>DEFERRED INCOME TAXES</b>	<b>5,554</b>	<b>5,357</b>
<b>SHAREHOLDERS' EQUITY</b>		
CAPITAL STOCK (note 5)	8,182	8,492
RETAINED EARNINGS	37,182	31,626
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>45,364</b>	<b>40,118</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$83,627</b>	<b>\$76,275</b>
<b>COMMITMENTS (notes 2, 4 and 6)</b>		

## Auditors' Report

To the Shareholders of J.M. Schneider Inc.

We have examined the balance sheet of J.M. Schneider Inc. as at October 27, 1979 and the statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at October 27, 1979 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in the method of accounting for capital leases as described in note 2, on a basis consistent with that of the preceding year.

Thorne Riddell  
Chartered Accountants

Kitchener, Canada, December 7, 1979



# J.M. Schneider Inc.

## Notes to Financial Statements

Year Ended October 27, 1979

### 1. SUMMARY OF ACCOUNTING POLICIES

#### (a) INVENTORIES

Products are valued at lower of cost and net realizable value. Since most products can be sold at any stage in their production, it is not practical to segregate them into raw materials, work in process or finished goods. Cost includes laid down material cost, manufacturing labour and certain elements of overhead to the stage of production completion. Net realizable value is based on the adjusted wholesale trading price at the balance sheet date.

Supplies, which include packaging and manufacturing materials, are valued at the lower of cost and replacement cost.

#### (b) FIXED ASSETS

Fixed assets are stated at cost which includes capitalized interest incurred on major projects during the period of construction. Depreciation is provided on a straight line basis to amortize the cost of the assets over their estimated useful life with estimated useful lives not to exceed certain limits.

	Maximum useful lives	Approximate annual rates of depreciation
Buildings of solid construction	25 years	4%
Buildings of frame construction and improved areas	10 years	10%
Machinery and equipment	10 years	10% to 20%
Automotive equipment	5 years	20%

Depreciation is not provided on assets under construction.

Renovations of significant value but which do not warrant capitalization are deferred and written off over a period not to exceed three years commencing in the first month of usage.

The capitalized values of machinery and equipment under capital leases are amortized over the lease terms using a straight line method.

#### (c) INTANGIBLE ASSETS

Goodwill is being amortized on a straight line basis over forty years. The company recognizes permanent impairment in the value of intangible assets by additional charges against earnings.

#### (d) PENSION PLANS

The unfunded past service obligation under pension plans is charged against earnings in the year in which it is paid.

#### (e) EARNINGS PER SHARE

Earnings per share are calculated on the weighted average number of shares outstanding in the year.

### 2. FIXED ASSETS

	1979		1978	
	Cost	Accumulated depreciation	Net	Net
Land and improved areas	\$ 2,592,000	\$ 155,000	\$ 2,437,000	\$ 2,007,000
Buildings	27,632,000	8,159,000	19,473,000	19,191,000
Machinery and equipment	29,341,000	15,041,000	14,300,000	14,277,000
Assets under construction and deferred renovations	838,000		838,000	1,348,000
	\$60,403,000	\$23,355,000	\$37,048,000	\$36,823,000

The Board of Directors has approved future capital expenditures of \$10,000,000 of which approximately \$4,800,000 relates to projects now under construction.

The company has elected early adoption of the requirements of The Canadian Institute of Chartered Accountants pertaining to the capitalization of leases. Comparative figures for 1978 have been restated to reflect the financial results as though these requirements had been in effect for that year. The net effect of this change in accounting practice on net income and retained earnings is not significant.

### 3. DEBENTURES

	1979	1978
9½% Debenture, payable \$2,000 monthly including principal and interest and maturing September 1, 1980	\$ 24,000	\$ 48,000
8½% Sinking Fund Debentures, with interest payable semi-annually, annual sinking fund payments of \$100,000 and maturing June 1, 1991	1,700,000	1,800,000
10¼% Sinking Fund Debentures, with interest payable semi-annually, annual sinking fund payments of \$450,000 commencing in 1982 and maturing February 1, 1997	9,000,000	9,000,000
	10,724,000	10,848,000
Less principal included in current liabilities	124,000	124,000
	\$10,600,000	\$10,724,000

Principal due within each of the next five years is as follows:

1980	\$124,000	1982	\$550,000	1984	\$550,000
1981	\$100,000	1983	\$550,000		

A fixed and specific charge on certain land, buildings, machinery and equipment and a floating charge on all assets of the company have been given as security for long term debt.



# J.M. Schneider Inc.

## Notes to Financial Statements

A trust indenture securing the 1991 and 1997 debentures contains certain covenants some of which limit the creation of additional debt and the entering into long term leases and restrict the use of proceeds from the sale of a substantial part of the company's fixed assets. In addition, the company has undertaken not to declare or pay dividends or otherwise make changes in its capital which would have the effect of reducing the company's equity below \$26,000,000.

#### 4. OBLIGATIONS UNDER LEASES

##### Capital leases

The following is a schedule of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of October 27, 1979:

1980	\$ 846,000
1981	775,000
1982	714,000
1983	423,000
1984	299,000
Later years	300,000
Total minimum lease payments	3,357,000
Less amount representing interest	797,000
Present value of net minimum lease payments	<u>\$2,560,000</u>

This amount is reflected in the balance sheet as current and non-current obligations under capital leases of \$592,000 and \$1,968,000 respectively.

##### Operating leases

Future minimum rental payments required under operating leases as of October 27, 1979, amount to \$1,265,000 payable as follows:

1980	\$696,000	1982	\$116,000	1984	\$2,000
1981	\$422,000	1983	\$ 29,000		

#### 5. CAPITAL STOCK

##### Authorized

5,404,763	24¢ Cumulative, interconvertible participating Class B and Class C Preference shares without par value, (1978, 5,501,000 shares)
373,627	Common shares

Issued	1979	1978
2,250,091 Class B and Class C Preference shares, (1978 2,342,528 shares)	<b>\$7,948,000</b>	\$8,258,000
373,627 Common shares	<b>234,000</b>	234,000
	<b>\$8,182,000</b>	\$8,492,000

The cumulative participating Class B and Class C Preference shares are convertible one into the other at any time at the option of the holder. In view of the convertible nature, the value of these shares is not prorated between the classes.

During the year, the company purchased 96,237 Class B Preference shares which were cancelled subsequent to

the year end. The excess of cost over the average issued value of these shares has been charged to retained earnings.

From time to time the company reserves Class B shares under its Stock Option Plan for issuance upon the exercise of options which may be granted at the discretion of the Board of Directors to executives and key employees of the company. Such shares are to be issued at a price not less than the greater of (a) the average of the high and low sale price for such shares as reported by The Toronto Stock Exchange for the week previous to the time of the granting of the option or (b) 90% of the market price (as defined) of such shares at the time of granting the option. The option period may extend up to five years from date of grant and such option may be exercised in full at any time during such period.

Outstanding options at October 27, 1979 for the issue of Class B shares are as follows:

Year granted	Number of shares Granted	Price per share Issued	Date of expiry
1974	14,000	\$7.25	November 18, 1979
1977	42,600	\$8.75	April 6, 1982

During the year, 2,000 shares were issued at \$7.25 per share and 1,800 shares were issued at \$8.75. At October 27, 1979, 32,250 Class B shares were reserved for issuance under the Stock Option Plan.

The company has also reserved 63,197 Class B shares which may be offered to employees under its Employees Payroll Deduction Capital Stock Purchase Plan. Such shares are to be issued at a price not less than 90% of the market price (as defined) on the day the employee entered the plan. No options to purchase Class B shares under this plan were granted during the year.

#### 6. COMMITMENTS

It is estimated that the present value of the unfunded past service obligation under pension plans amounts to \$3,460,000. Annual payments of \$795,000 are required to liquidate this obligation by December 31, 1993. During the year, \$754,000 (\$695,000 in 1978) was paid against the past service obligation.

#### 7. INCOME TAXES

The effective rate of income taxes on earnings before income taxes decreased to 38.0% in 1979 from 39.6% in 1978. This decrease is attributable mainly to the utilization of the investment tax credit.

#### 8. OTHER STATUTORY INFORMATION

	1979	1978
Remuneration of directors and senior officers (as defined by The Business Corporations Act)	<b>\$ 665,000</b>	\$ 516,000
Depreciation	<b>3,547,000</b>	2,955,000
Amortization of deferred renovations	<b>264,000</b>	368,000
Amortization of capital leases	<b>606,000</b>	293,000
Amortization of intangible assets	<b>59,000</b>	58,000



# J.M. Schneider Inc.

## Ten Year Statistical Review

(in thousands of dollars except where noted)	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970
Sales	374,374	324,675	262,834	254,970	217,018	202,270	177,191	116,465	84,163	79,289
Earnings										
Earnings before income taxes and extraordinary items	12,164	7,766	7,544	7,865	5,610	5,871	4,629	3,715	3,185	2,878
Income taxes	4,620	3,079	2,944	3,288	2,545	2,585	1,921	1,708	1,599	1,531
Earnings before extraordinary items	7,544	4,687	4,600	4,577	3,065	3,286	2,708	2,007	1,586	1,347
Earnings before extraordinary items as a percent of sales	2.02	1.44	1.75	1.80	1.41	1.62	1.53	1.72	1.88	1.70
Net earnings	7,544	4,687	4,600	3,579	3,065	3,286	2,708	2,007	1,586	1,347
Dividends paid	1,088	1,011	824	756	702	810	727	601	494	456
Capital expenditures	4,104	9,389	11,030	5,377	4,425	2,945	3,733	2,950	3,509	1,944
Depreciation and amortization	4,476	3,674	2,652	2,567	1,955	1,671	1,602	1,382	1,175	998
Salaries, wages and employee benefits	61,538	56,501	47,747	42,084	34,048	30,226	24,718	21,537	18,767	15,701
Average number of employees	3,131	3,009	2,874	2,676	2,640	2,567	2,392	2,244	1,985	1,880
Working capital	22,304	17,286	18,984	12,774	12,000	11,276	9,713	8,504	5,618	4,832
Working capital ratio	2.11	1.92	2.44	1.95	1.91	1.82	1.68	2.04	2.31	2.43
Total assets	83,627	76,275	65,057	50,917	48,060	45,741	43,212	31,781	22,175	18,012
Shareholders' equity at end of year	45,364	40,118	36,361	32,287	29,810	27,447	24,970	20,032	14,452	13,360
Percent return on equity at beginning of year	18.80	12.89	14.25	12.01	11.17	13.16	13.52	13.89	11.87	11.02
Percent return on capital employed at beginning of year*	23.49	16.90	20.54	23.04	18.03	20.88	20.36	21.82	21.87	21.82
Number of shares outstanding (thousands)	2,624	2,716	2,699	2,695	2,701	2,701	2,701	2,395	1,899	1,899
Number of shareholders	1,867	1,977	2,115	2,203	2,385	2,379	2,560	2,217	1,955	2,002
Per share statistics, in dollars										
Net earnings	2.78	1.73	1.70	1.33	1.13	1.21	1.04	.93	.84	.71
Dividends paid	.40	.37	.31	.28	.26	.30	.28	.28	.26	.24
Equity at end of year	17.29	14.77	13.47	11.98	11.04	10.16	9.25	8.36	7.61	7.04

\*Return on capital employed at beginning of year

Return is:

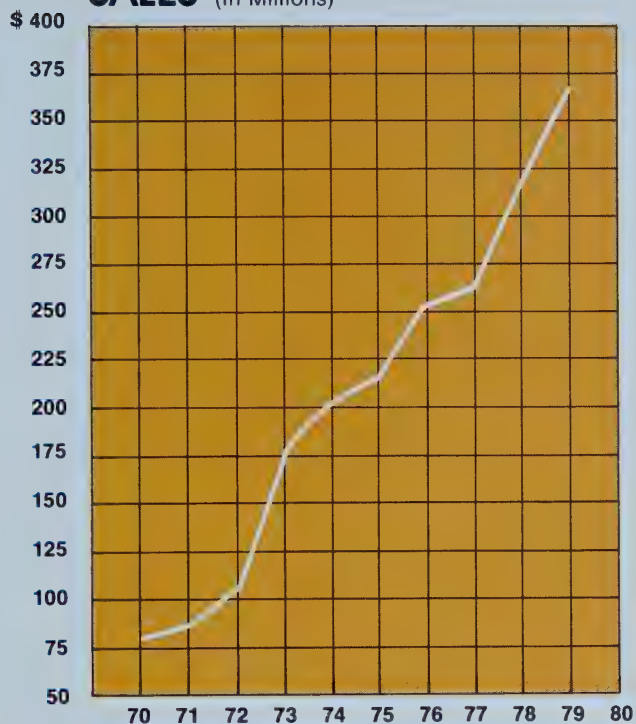
Earnings before income taxes and extraordinary items plus interest on long term debt at the beginning of year less interest earned on temporary investments of proceeds of long term debt.

Capital employed is:

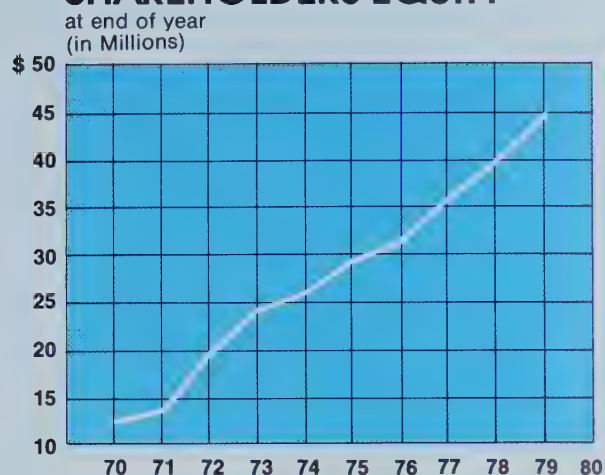
Shareholders' equity, deferred income taxes and long term debt, all at the beginning of the year.



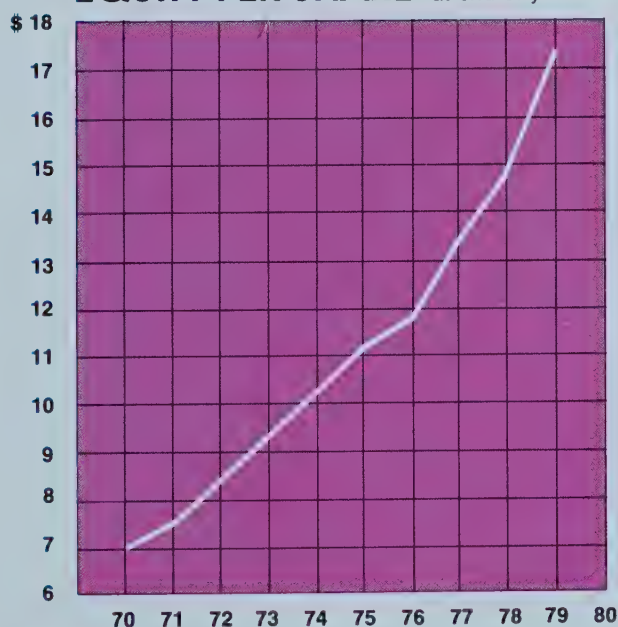
## SALES (in Millions)



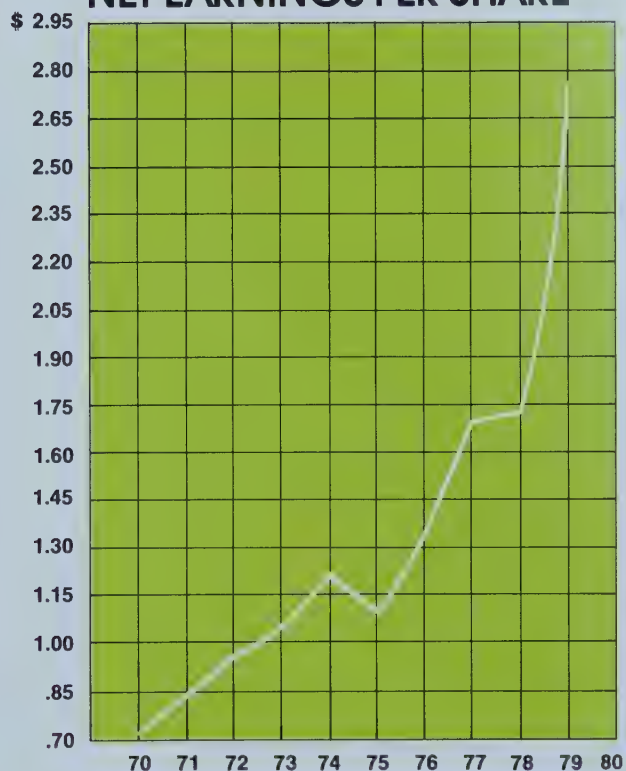
## SHAREHOLDERS' EQUITY



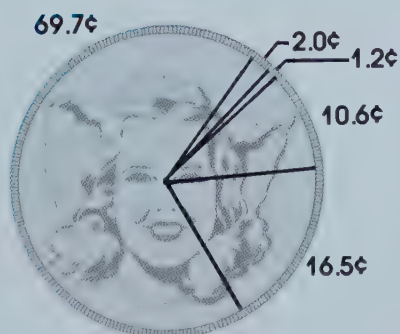
## EQUITY PER SHARE at end of year



## NET EARNINGS PER SHARE



## 1979 SALES DOLLAR ANALYSIS



**16.5¢** **EMPLOYEES** (\$61,538,000)  
Wages and Benefits.

**1.2¢** **INCOME TAXES** (\$4,620,000)  
Federal and Provincial.

**2.0¢** **PROFIT** (\$7,544,000)  
For dividend payments,  
retained in business for continuous  
operations and future growth.

**69.7¢** **MATERIALS** (\$260,935,000)  
Livestock, Dressed Meat,  
Ingredients, Food Products, Packages  
and Cartons.

**10.6¢** **OPERATING EXPENSES**  
(\$39,737,000)  
Supplies, Utilities, Business Services,  
Selling, Administration, Maintenance,  
Depreciation and Distribution.



# J.M. Schneider Inc.

## Corporate Directory

### DIRECTORS

**Henry G. Beben**  
Waterloo, Ontario  
Senior Vice-President,  
Corporate Development  
J.M. Schneider Inc.

†\***Geno F. Francolini**  
Tillsonburg, Ontario  
Vice-Chairman & Chief  
Executive Officer  
Livingston Industries Limited

†\***Milton R. Good**  
Breslau, Ontario

**J. Ruth Jackson**  
Kitchener, Ontario

\***Dawson C. Jamieson**  
Waterloo, Ontario  
Senior Vice-President &  
Chief Financial Officer  
J.M. Schneider Inc.

\***Mervyn L. Lahn**  
London, Ontario  
President  
The Canada Trust Company

**Gordon A. Mackay, Q.C.**  
Kitchener, Ontario  
Senior Partner — Mackay,  
Kirvan, Seitz

**Kenneth G. Murray**  
Bright, Ontario  
President & Vice-Chairman  
of the Board  
J.M. Schneider Inc.

†**Frederick P. Schneider**  
Kitchener, Ontario  
Chairman of the Board  
J.M. Schneider Inc.

†**Herbert J. Schneider**  
Kitchener, Ontario  
Vice-President, Personnel  
& Public Relations  
J.M. Schneider Inc.

**Howard G. Schneider**  
Kitchener, Ontario  
Vice-President & Director of  
Research & Development  
J.M. Schneider Inc.

### OFFICERS

**Frederick Paul Schneider**  
Chairman of the Board

**Kenneth George Murray**  
President & Vice-Chairman  
of the Board

**Dawson Charles Jamieson**  
Senior Vice-President &  
Chief Financial Officer

**Henry George Beben**  
Senior Vice-President,  
Corporate Development

**Douglas William Dodds**  
Vice-President  
Finance & Administration

**John Edward Lauer**  
Vice-President, Operations

**Herbert John Schneider**  
Vice-President, Personnel &  
Public Relations

**Howard G. Schneider**  
Vice-President & Director of  
Research & Development

**Lewis Bradich**  
Vice-President,  
Sales & Marketing

**Gordon Alexander Mackay**  
Corporate Secretary

**Anna Grace Hartleib**  
Assistant Corporate Secretary

**HONORARY DIRECTOR**  
**Norman C. Schneider**  
Past Chairman

**CORPORATE HEAD OFFICE**  
J.M. Schneider Inc.  
175 Columbia Street West  
P.O. Box 1620  
Waterloo, Ontario N2J 4M3

**GENERAL OFFICES OF THE  
MEAT DIVISION**  
J.M. Schneider Inc.  
321 Courtland Avenue East  
P.O. Box 130  
Kitchener, Ontario N2G 3X8

**REGISTRAR and  
TRANSFER AGENT**

The Canada Trust Company  
Toronto, Montreal, Winnipeg  
& Vancouver

### AUDITORS

Thorne Riddell

### SHARES LISTED

Toronto Stock Exchange  
Montreal Stock Exchange

### LOCATIONS

#### CORPORATE HEAD OFFICE

- University Park  
175 Columbia Street West  
P.O. Box 1620  
Waterloo, Ontario N2J 4M3

#### MEAT DIVISION

##### OFFICE AND PLANT

- 321 Courtland Avenue East  
P.O. Box 130  
Kitchener, Ontario N2G 3X8

#### PLANTS (Ontario)

- Northumberland Street, Ayr
- R.R. #2, Wellesley

#### OFFICE AND PLANT

##### (British Columbia)

- 4305 Dawson Street, North Burnaby

#### OFFICES AND PLANTS (Manitoba)

- 140 Panet Road, Winnipeg
- 341 Dupuy Street, Winnipeg
- 358 Flora Avenue, Winnipeg

#### SALES OFFICES

- Valhalla Executive Centre  
302 The East Mall, Suite 301  
Islington, Ontario
- 1673 Carling Avenue, Suite 112  
Ottawa, Ontario
- 795 Wonderland Road  
Westmount Centre  
London, Ontario
- 128 Larch Street, Suite 303  
Sudbury, Ontario
- 7333 Boul Des Roseaies, Suite 305  
Ville D'Anjou, Quebec
- 6080 Young Street, Suite 212  
Halifax, Nova Scotia
- Asta Industrial Park  
301 Weston Street, Suite 216  
Winnipeg, Manitoba
- 6450 Roberts Street  
Sperling Plaza, Burnaby, B.C.
- Centre 70, 7015 MacLeod Trail  
Calgary, Alberta

#### DELIVERY DEPOT

- 147 Hardisty Street North  
Thunder Bay, Ontario

\*Member of Audit Committee

†Member of Executive Committee









J.M. Schneider Inc.  
Serving from coast to coast



AR49



2<sup>nd</sup>

INTERIM REPORT

28 WEEKS

OCTOBER 29, 1978 - MAY 12, 1979

1979

**J. M. SCHNEIDER INC.**

321 COURTLAND AVENUE EAST, P.O. BOX 130  
KITCHENER, ONTARIO, CANADA N2G 3X8



## CONSOLIDATED STATEMENT OF EARNINGS

(Unaudited)

June, 1979  
Kitchener, Ontario

	Twenty-Eight Weeks Ended May 12 1979	Twenty-Eight Weeks Ended May 13 1978	Twelve Weeks Ended May 12 1979	May 13 1978
	(in thousands)		(in thousands)	
Sales	\$ 189,614	\$ 151,307	\$ 83,021	\$ 68,316
Earnings before income taxes	3,165	3,983	1,533	1,536
Income taxes payable and deferred	1,274	1,589	623	608
Net earnings	1,891	2,394	910	928
Earnings per share	69¢	89¢	33¢	34¢

## CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

(Unaudited)

	Twenty-Eight Weeks Ended May 12 1979	Twenty-Eight Weeks Ended May 13 1978
	(in thousands)	
<u>Working Capital Derived From</u>		
Operations		
Net earnings	\$ 1,891	\$ 2,394
Depreciation and amortization which do not involve working capital	2,035	1,677
	3,926	4,071
Issue of Class B preference shares for cash	30	—
Sale of fixed assets	9	29
	3,965	4,100
<u>Working Capital Applied To</u>		
Additions to fixed assets	2,457	5,312
Dividends paid	653	578
Decrease in non-current portion of long term debt	14	15
	3,124	5,905
INCREASE (DECREASE) IN WORKING CAPITAL	841	(1,805)
WORKING CAPITAL AT BEGINNING OF PERIOD	17,582	18,984
WORKING CAPITAL AT END OF PERIOD	\$ 18,423	\$ 17,179

## TO OUR SHAREHOLDERS:

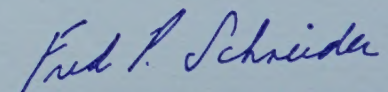
Sales for the twelve weeks ended May 12, 1979, were \$83 million which is a 22% increase over the corresponding period of 1978. Earnings for the same period were \$910,000 compared to \$928,000 for 1978, or a reduction of 2%.

Sales for the first 28 weeks of fiscal 1979 were \$190 million which is an increase of 25% over 1978. Earnings for the same period were \$1,891,000, a 21% reduction from 1978. Net earnings for the first quarter of fiscal 1979 decreased 33% from 1978.

Our second quarter results were an improvement over our first quarter for several reasons. Improvement was due to the implementation of programs which have had a positive downward effect on costs and an upward impact on income. In addition, beef prices stabilized and pork prices declined.

Current forecasts of livestock availability for 1979 indicate that the supply of beef will be down by 11% from 1978, while the pork supply should increase by approximately 15%. The supply of poultry, particularly broiler chickens, appears to have been allowed to increase and therefore during the balance of 1979, supplies may be burdensome.

Our prediction for the balance of fiscal 1979 is for a probable decrease in third quarter performance compared with third quarter 1978, and for a favourable upward trend in fourth quarter 1979 results over the same quarter in 1978.



Chairman of the Board